THINK CRITICALLY
Handwrite your responses in the space below; 2 sentences each.

1. What three factors are commonly considered when deciding whether to grant credit?

2. What information is provided by the aging of accounts receivable?

3. An unsecured loan is _____
   a. a loan paid within 30 days
   b. a loan that has no collateral
   c. a loan to a customer who has no credit history
   d. a loan for which a government agency is the lender

4. True or False? _____ Credit terms refer to the price of a product when buying on account.

5. An invoice with the credit terms 1/15, n/45 would mean a customer may qualify for a _____ discount within a certain time period.
   a. 1 percent
   b. 15 percent
   c. 45 percent
   d. no discount is available

6. True or False? _____ Many past due accounts usually indicates that a company is very selective in granting credit.

7. Credit terms commonly include the _____
   a. price of the product
   b. time of the credit period
   c. name of lending company
   d. amount of taxes on the sale

TEAMWORK
Discuss in pairs or small groups and then write your conclusions below.

8. With your team, describe a situation in which a person would likely be granted credit and a situation in which a person might be denied credit.